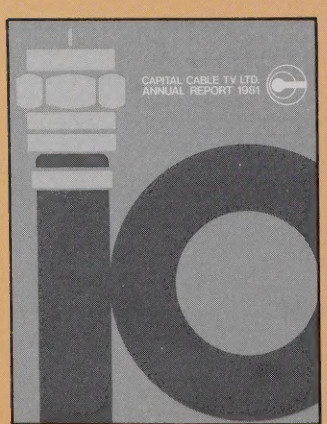
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CAPITAL CABLE TV LTD.
ANNUAL REPORT 1981

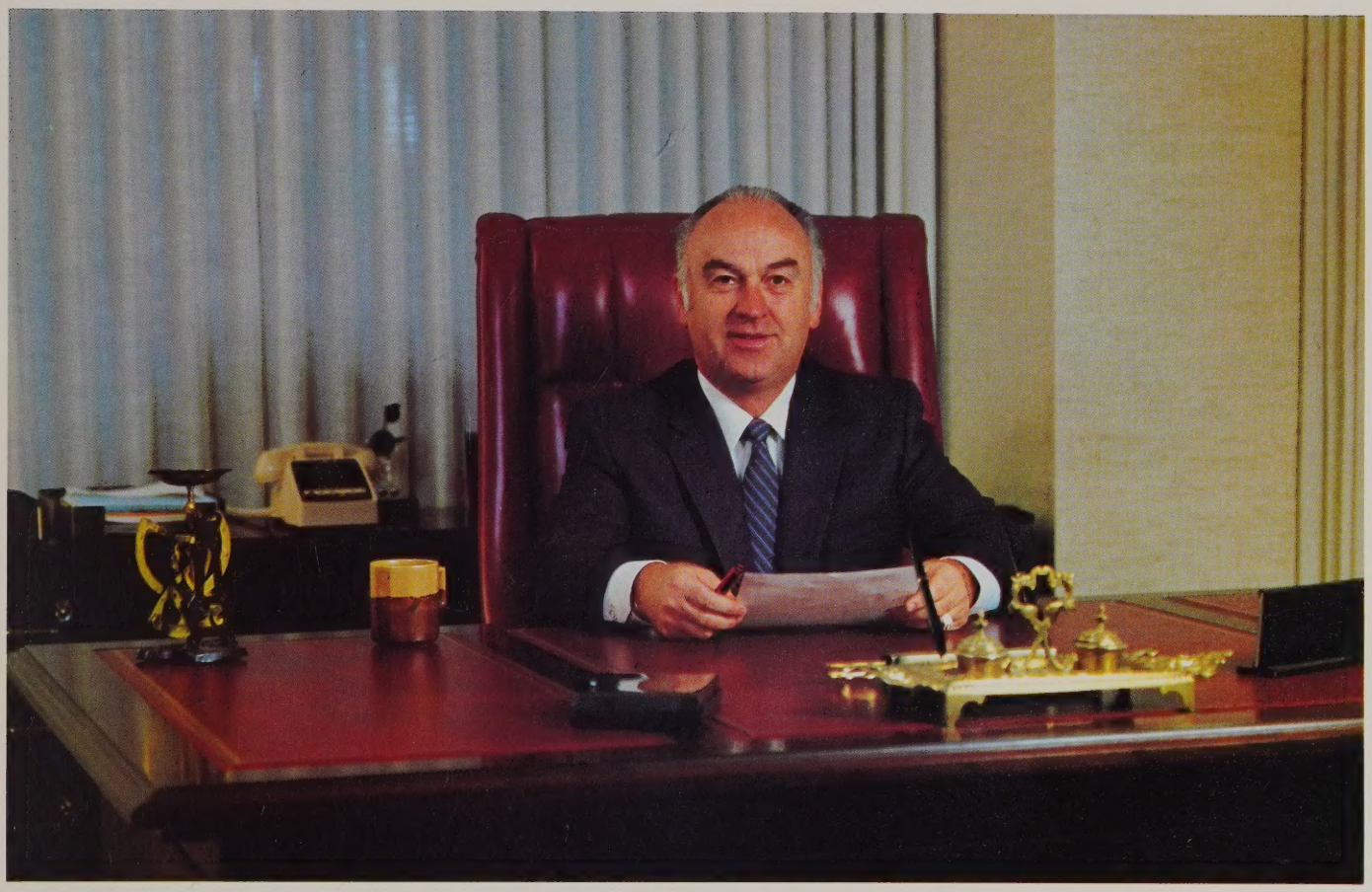


This year's Annual Report cover represents an important landmark in the history of your company. The cable connector reaching down into the "1" represents the first connection made in Sherwood Park, Alberta, in 1971, while the stylized "10" graphically illustrates Capital Cable TV Ltd.'s first decade of operation.

The first ten years in any company's history are indicative of its future. Looking back over these significant years, a pattern of strong and steady growth is definite, in both size and diversity of Capital Cable TV operations.

From the first connection in 1971, the company has grown to span Canada and reach southwards into the United States. Operations have expanded to include community programming, designed to meet real and vital needs in all centres served.

For your company, the first ten years foretell a clear and certain future ahead. The second decade will be one of continued growth and expansion for Capital Cable TV Ltd.



PRESIDENT'S REPORT TO THE SHAREHOLDERS

It is a pleasure to report to you from the new corporate offices located at 9405 - 50th Street in Edmonton and to submit the annual report of the Company for the fiscal year ended August 31, 1981.
This is a special year in the history and growth of the Company. Ten years ago, in September 1971, the first cable connection was made in Sherwood Park, Alberta. Since that time, the Company has developed and has become an active participant in the Canadian cable television industry from coast to coast.

During the past year, the Canadian Radiotelevision and Telecommunications Commission (CRTC) approved the acquisition of Urban Cablevision Ltd., which serves eight thousand five hundred subscribers in Langford and Sooke, west of Victoria, B.C.

Approval was also received for the purchase of Trans Spectrum Services Limited which serves eight thousand subscribers in Bedford-Sackville, Nova Scotia, through its wholly-owned subsidiary Metrovision Limited, and 25,000 subscribers in St. John's, Newfoundland, through its 24% interest in Avalon Cablevision Limited.

The Company wishes to become a strong Canadian cable company. In July 1981, the Company agreed to acquire, through a share-for-share exchange, 100% of Cable West TV Ltd. which serves 100,000 subscribers in North-West Vancouver, Nanaimo, Trail, Castlegar and Nelson in British Columbia, as well as Red Deer in Alberta. If the CRTC approves this merger, the Company will have the opportunity to meet the challenges of the future, expand its role in the Canadian broadcasting system and become the fourth largest cable company in Canada with a combined subscriber base of 250,000.

Last year, the Company increased its activities in the U.S. cable television industry. A 25% interest in Southern Telecom Inc., in Atlanta, Georgia was sold. This permitted the Company to concentrate its efforts in Colorado, through a subsidiary, Colorado Cablevision, Inc. Since May 1981, this subsidiary has been involved in systems construction and franchising activity in the Denver area.

In order to make the Company shares more accessible to all Canadians and to provide funds to more effectively finance the introduction of new services and future acquisitions, the capital structure of the Company was reorganized. The authorized number of Class A voting common shares has been increased to 15 million and 15 million non-voting Class B shares were created. The Company also declared a stock dividend of one Class A and one Class B share for each outstanding Class A share. The revised dividend rate, payable semi-annually, is twelve cents per Class A share and seventeen cents per Class B share.

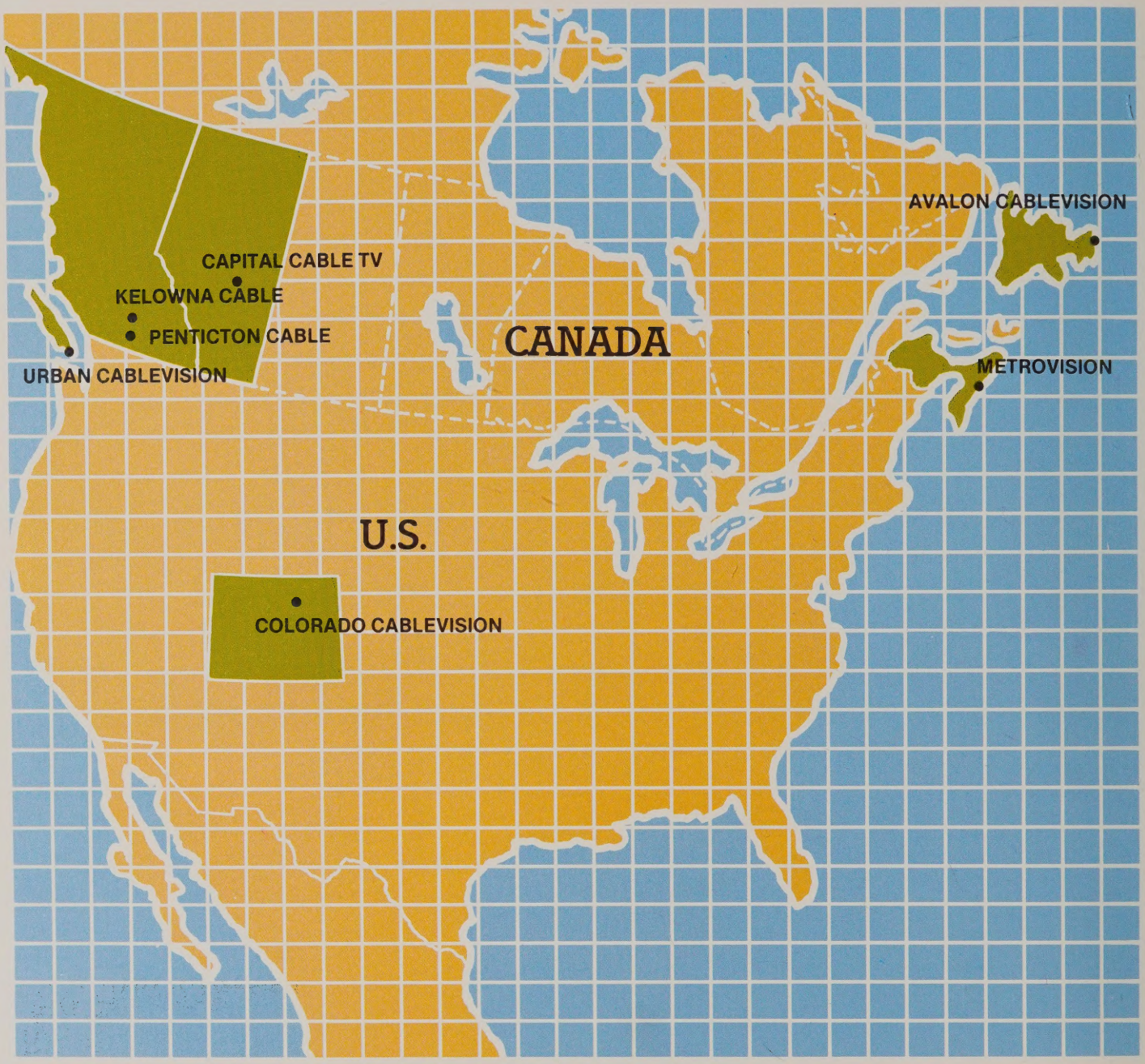
The operating results for the Company have been detailed in a report attached to the annual financial statements.

During the year, the Company added Peter R. Classon, C.A., Louis A. Desrochers, Q.C., and Anthony F. Griffiths to its Board of Directors. Ernest C. Poscente was appointed Vice-President-Programming.

The Company has progressed significantly in the ten years since it connected its first subscriber and the promise for the future looks bright. The past growth and future expansion are made possible by the continuing co-operation and commitment of the employees.

James R. Shaw
President and General Manager

Dec. 1/81



Originally incorporated as a private company, Capital Cable TV Ltd. began operations in the fall of 1969. A licence granted by the CRTC for a sector of Edmonton in December, 1970, signalled a go-ahead for the young company. Construction of facilities was underway by July 1971, and the first subscribers were connected to the system just two months later.

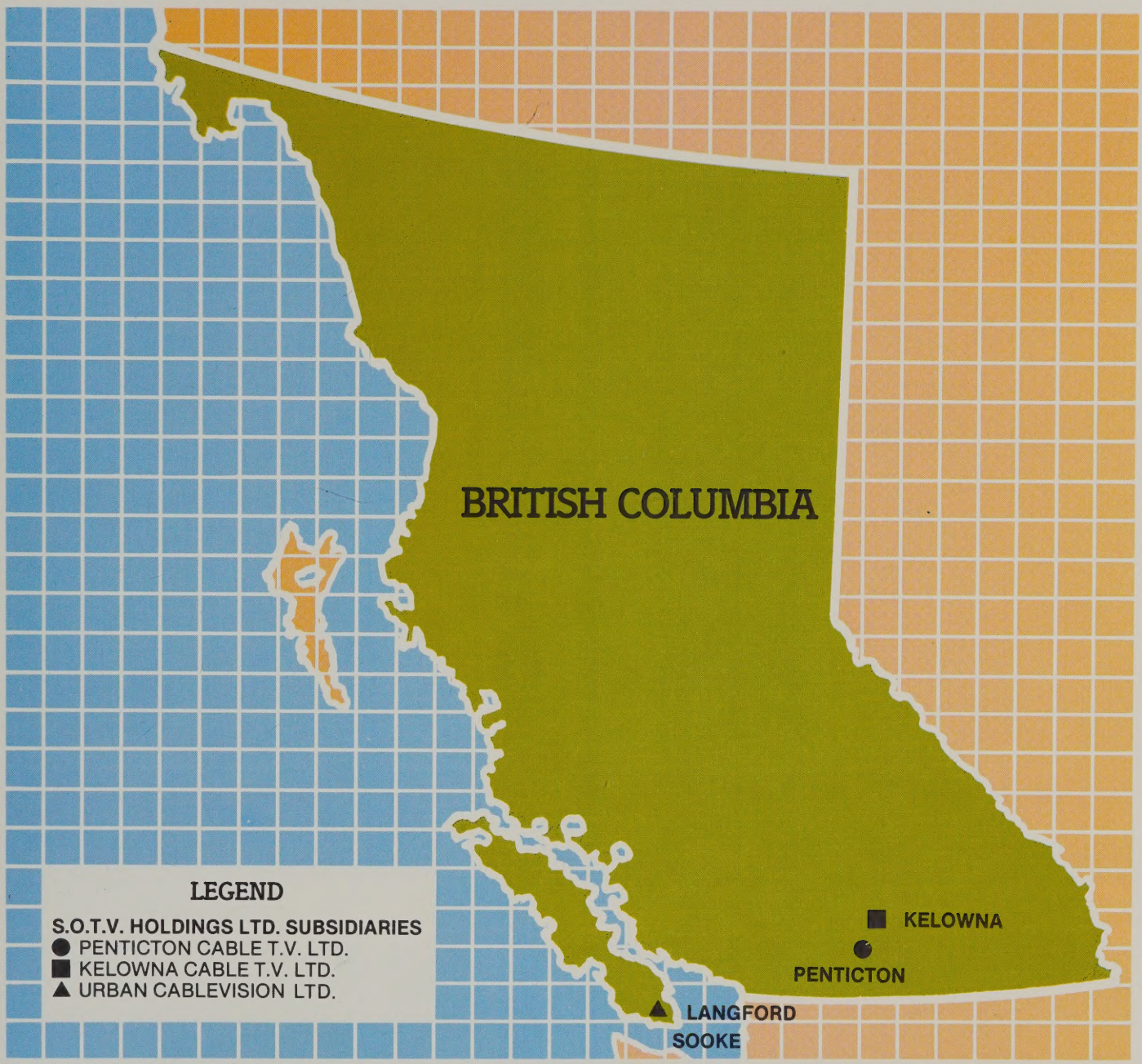
Capital Cable TV has expanded from Edmonton with systems extending across Canada and into the United States, as depicted on the map above and throughout the following pages.

In the Edmonton area there are now 950 miles of facilities, and 64% of these are buried. During the fiscal year, 3,480 single family homes and 3,220 multiple family dwellings were added to existing facilities. These statistics represent approximately 11,000 new subscribers for your company. The area served has grown to encompass Edmonton and the satellite communities of St. Albert, Spruce Grove, Stony Plain, Leduc, Beaumont, Sherwood Park, and CFB Edmonton.

March 1982 will mark the tenth year of programming on the community channel in Edmonton. The first programs were produced at a small studio in the basement of a school located in the County of Strathcona. Today, programming originates from two studios; one in Edmonton and one in St. Albert.

Progress has also been made in numbers of channels offered. On June 1, 1981, an official reception was held to mark the introduction of six converter channels. These brought the number of Capital Cable TV channels to eighteen, including a children's channel, CKRD-TV Red Deer, 24-hour stock market quotations, business and sports updates, plus proceedings from the House of Commons, Provincial Legislature and City Council.

Last year's annual report to shareholders utilized a pictorial style of presentation of the Capital Cable TV story. In 1980, the Edmonton operation was featured. This year, your report focusses on the subsidiary operations that serve subscribers in the United States and from coast to coast in Canada.



In growth centres in British Columbia, your company's cable television systems are operated through a subsidiary company, S.O.T.V. Holdings Ltd. The operating systems are Penticton Cable TV Ltd., Kelowna Cable TV Ltd., and Urban Cablevision Ltd.

Penticton Cable TV began operations in 1956 and now serves close to 11,000 subscribers in Penticton, Okanagan Falls, Kaleden, Summerland and Naramata. It is a mature cable television system with a subscriber penetration rate of 94% of the available households. Yet 1981 saw unprecedented growth. One thousand six hundred subscribers were added to the system, primarily owing to revitalized urban development in Penticton.

Kelowna Cable TV has experienced another year of extensive plant additions, and has built facilities for over 1,800 subscribers, with a current subscribership of some 22,800. The City of Kelowna's beautification program required some facility rearrangements over the past year and some system rebuild has been completed. Progress has been made toward upgrading transmission facilities to 300 MHz through the rebuild program. During the course of this program, cable facilities which have been in place since the early 1960's are being replaced.

Both systems are actively involved in providing community programming for the cities, programming which reflects the people and their lifestyles. Sports, live coverage of political meetings, the Penticton Peach Festival, the Kelowna Regatta and community affairs are all part of the informative and involving programme selections.

Urban Cablevision Ltd. serves largely unincorporated areas adjacent to Victoria and considerable growth in number of households is predicted. Today, the system serves over 8,500 subscribers and has an immediate potential of serving an additional 1,500 homes. One of the keys to Urban's 15 year success story is a unique antenna design. The array of eleven towers stand high on a hilltop overlooking the service area and utilizes a parabolic screen antenna system. The dish-shaped screen measures 30 feet by 225 feet, picks up the distant television signals and angles them all back into a focal antenna. This sophisticated design guards against signal 'fade' and thus ensures a consistent cable television service to the subscriber. In addition, within the company owned building located in the community of Langford, a well appointed programming facility keeps the community informed and actively involved in the weekly variety of community programmes produced by the combined efforts of volunteers and programming staff.

PENTICTON CABLE TV brings cablevision to the colorful orchard area of British Columbia. Serving the communities of Penticton, Summerland, Okanagan Falls, Kaleden and Naramata. Cable 11 is deeply involved in the life of the community.













KELOWNA CABLE TV's unprecedented growth last year reflected the revitalization of the "Regatta City" and surrounding communities of West Bank and Lakeview Heights. Considering the beauty and attraction of the area, growth has not come as a surprise.











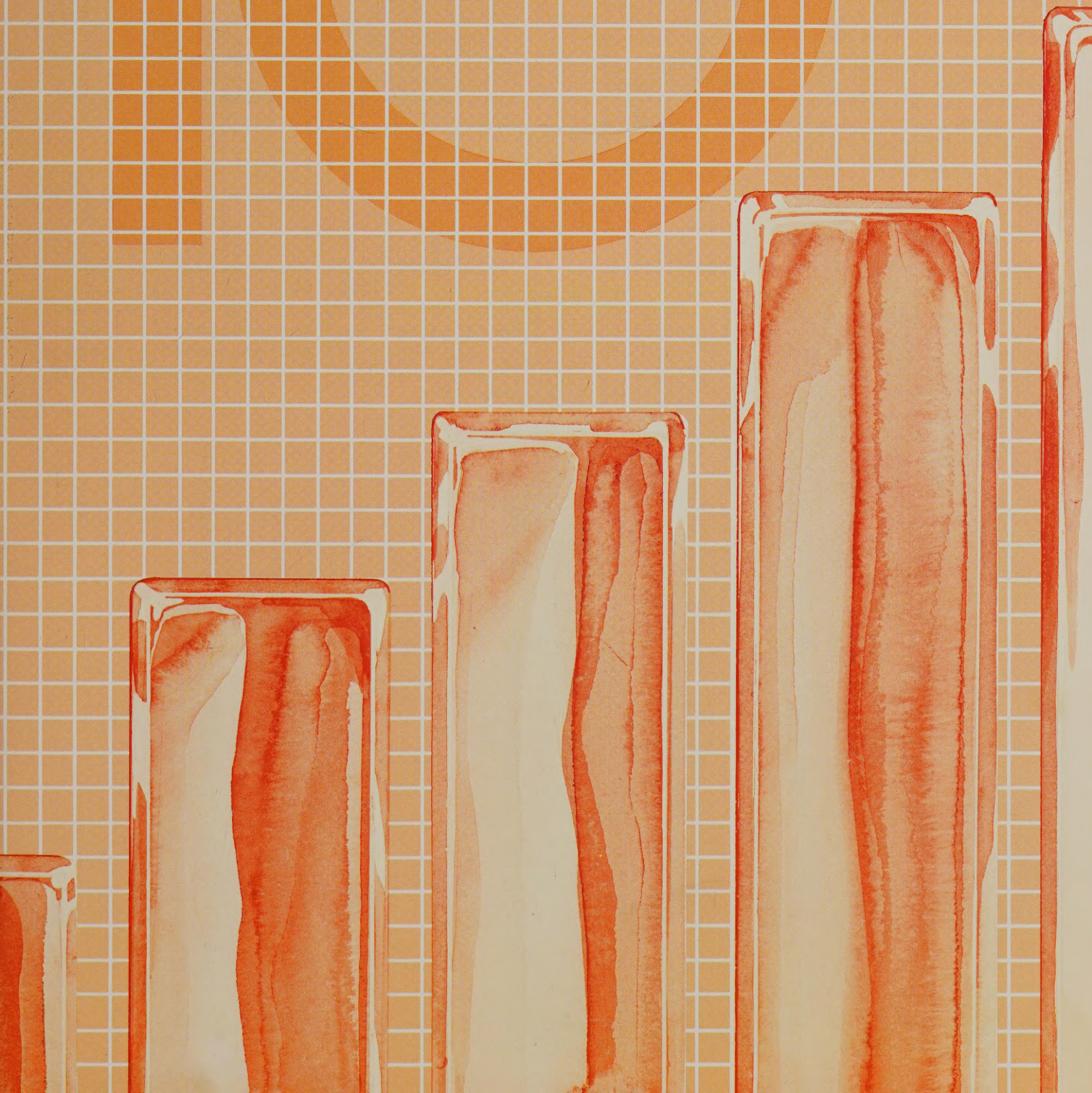
URBAN CABLEVISION . . . Rising high over the Vancouver Island scenery the parabolic screen antenna system gathering signals to serve the western community of Victoria and Sooke, B.C.







FINANCIAL REPORT



FINANCIAL REPORT

ACQUISITIONS

The 1981 financial statements include all the assets and liabilities of subsidiaries acquired by the Company during 1981 and the results of their operations from their respective dates of acquisition.

REVENUES

Consolidated revenues of the Company increased to $13,101,000 from $10,462,000 in 1980 representing an increase of 25%. This increase is attributable, in part, to subscriber growth both in existing licensed areas and through the corporate acquisitions of Urban Cablevision Ltd., and Trans Spectrum Services Limited. In addition, the Canadian Radio-television and Telecommunications Commission approved increases in subscriber rates of $.75 per subscriber for the Alberta system.

OPERATING COSTS AND EXPENSES

Operating costs during 1981 amounted to $6,615,000 representing 50% of total revenues as compared with $4,822,000 or 46% of total revenues in 1980. Depreciation and amortization decreased from $2,267,000 in 1980 to $1,595,000 in 1981. The decrease was largely attributable to revisions made during the year in the estimated useful life of fixed assets in the Company's distribution system to more realistically reflect the expected remaining useful life of these assets. Interest expense increased to $1,097,000 from $622,000 in 1980 as additional bank loans of $4,890,000 were obtained to fund corporate acquisitions and long-term debt amounting to $1,842,000 was assumed on acquisitions during the year.

NET INCOME

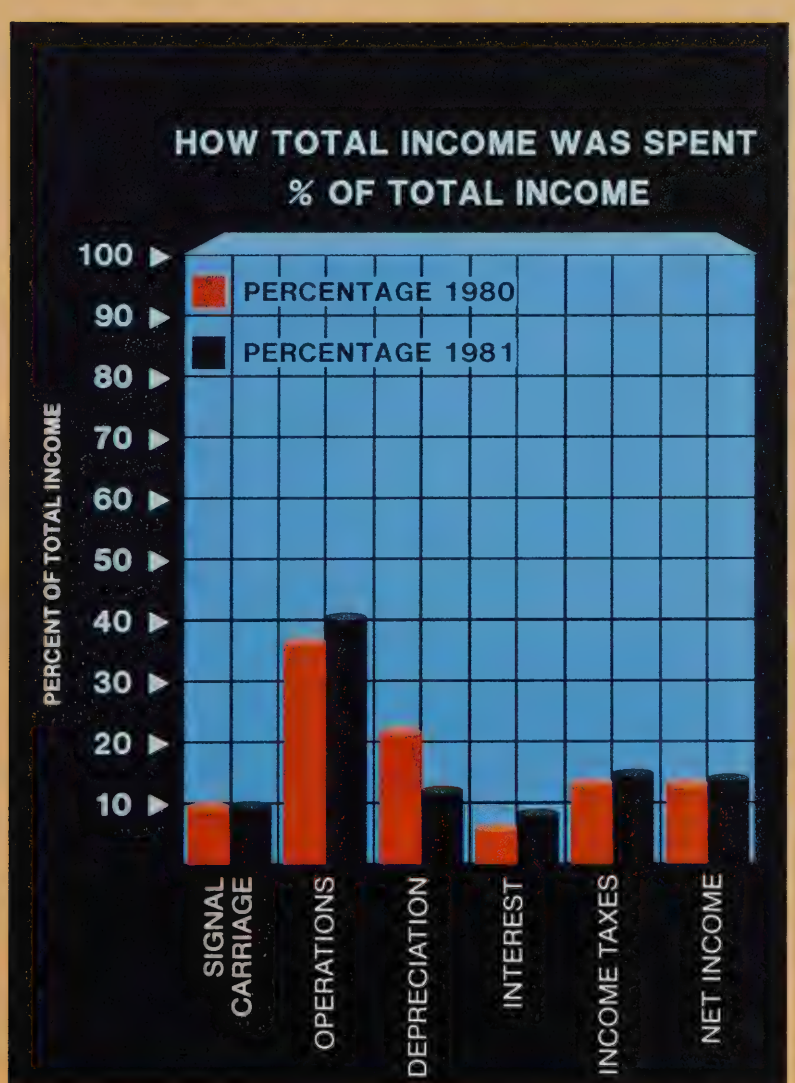
Net income increased to $2,147,000 from $1,437,000 in 1980. Contributing to this increase was an extraordinary gain (net of related income taxes) of $330,000 recognized on the disposition of the Company's investment in Third Shelf Corporation. Earnings per share before extraordinary items increased from $.46 to $.62 after giving retroactive effect to the change in the share structure of the Company during 1981.

DIVIDENDS

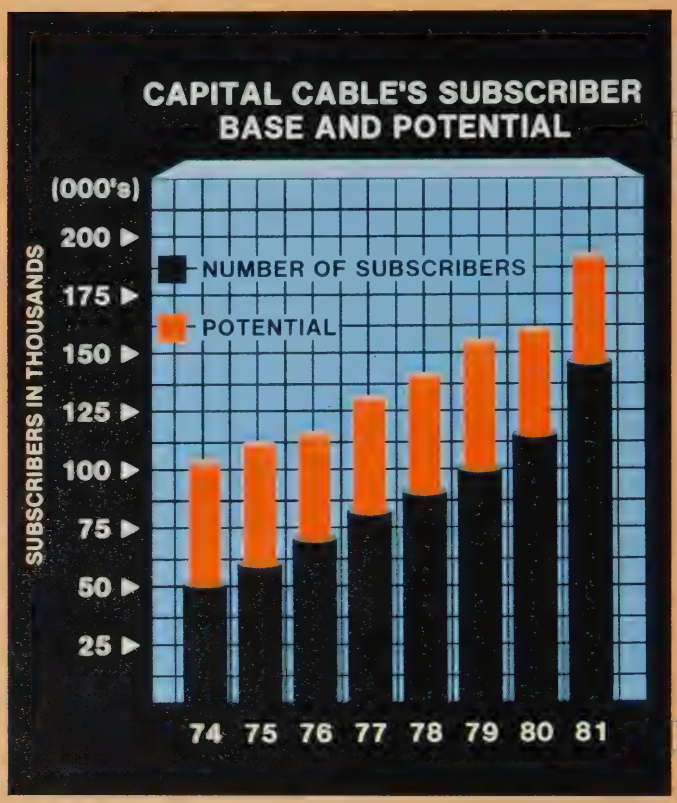
Cash dividends of 20¢ per common share were paid in November, 1980. Cash dividends of 6¢ per Class A participating share and 8.5¢ per Class B participating share were paid in May 1981. The Company also paid a stock dividend in March 1981 of one Class A participating share and one Class B participating share for each Class A participating share held.

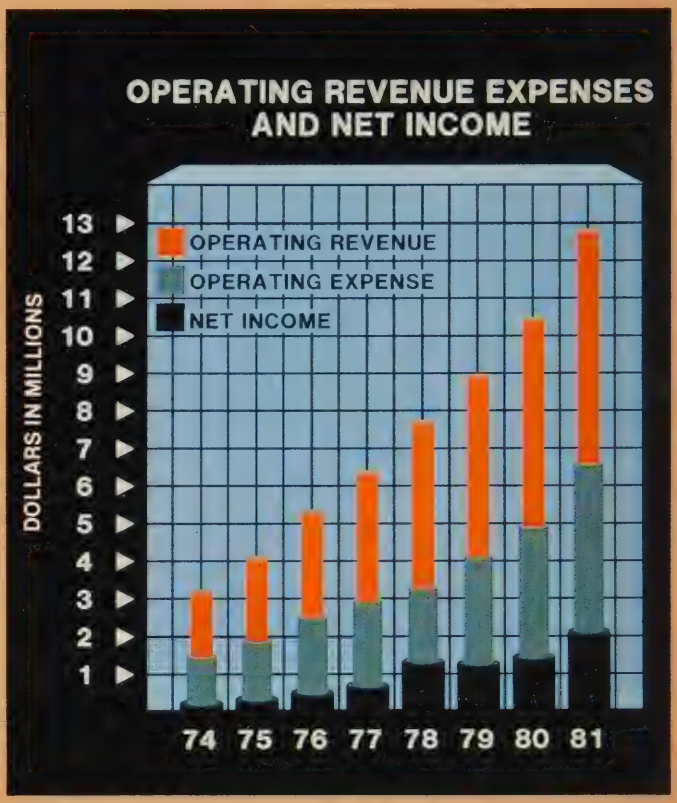
FINANCIAL HIGHLIGHTS

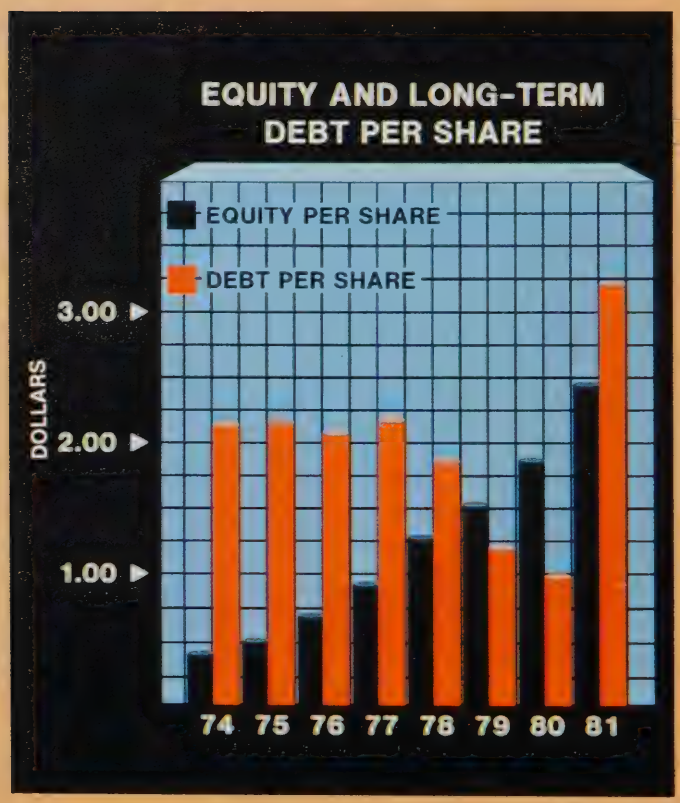
	1981	1980
Number of Subscribers	144,622	114,469
Estimated Potential Subscribers	190,800	160,200
Total Income	$13,101,000	$10,462,000
Net Income	$ 2,147,000	$ 1,437,000
Net Income Per Share	$ .72	$ .48
Cash Dividends Paid	$ 405,000	$ 400,000
Stock Dividends Paid	$ 2,028,000	
Total Long-Term Debt	$ 9,670,000	$ 2,950,000
Long-Term Debt Per Subscriber	$ 66.86	$ 25.77
Funds Generated From Continuing Operations	$ 4,267,000	$ 4,232,000
Funds Generated Per Share	$ 1.42	$ 1.41
Total Fixed Assets at Cost	$31,399,000	$24,107,000
Fixed Assets Per Subscriber	$ 217.11	$ 210.60

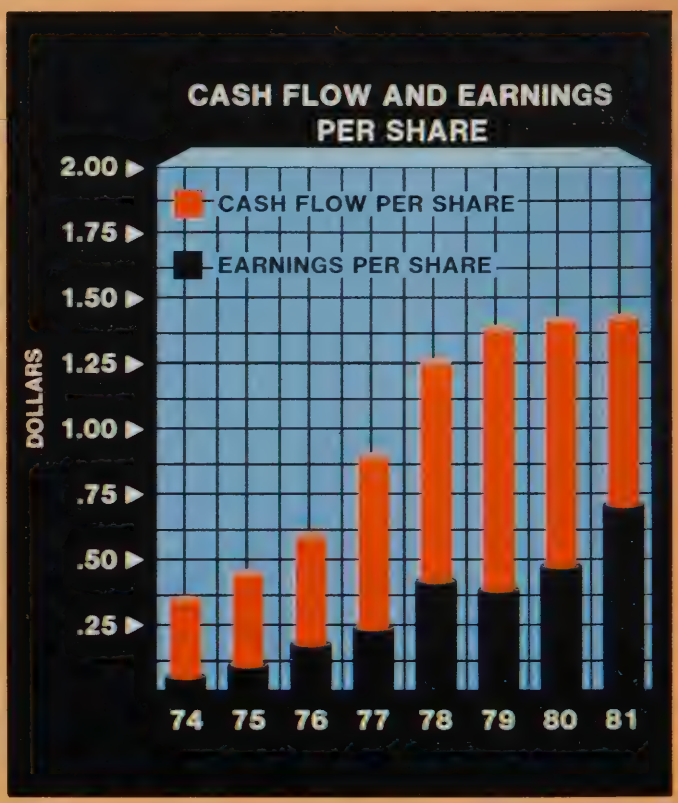


FINANCIAL HIGHLIGHTS









AUDITORS' REPORT

To the Shareholders of
Capital Cable TV Ltd.:

We have examined the consolidated balance sheet of Capital Cable TV Ltd. as at August 31, 1981 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at August 31, 1981 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Clarkson Gordon

Edmonton, Canada
November 13, 1981

Chartered Accountants

FINANCIAL

CONSOLIDATED STATEMENT OF INCOME

	YEAR ENDED AUGUST 31, 1981	1980
INCOME:		
Service charges	$11,770,000	$ 9,322,000
Connection fees	1,102,000	1,091,000
Other	229,000	49,000
	13,101,000	10,462,000
EXPENSES:		
Franchise, head-end, microwave, pole, span and duct rental and transmission charges	1,290,000	1,006,000
Operations, administrative, general office, selling and production	5,325,000	3,816,000
Depreciation and amortization (Note 2)	1,595,000	2,267,000
Interest — long-term debt	1,074,000	483,000
— short-term debt	23,000	139,000
	9,307,000	7,711,000
OPERATING INCOME BEFORE INCOME TAXES	3,794,000	2,751,000
INCOME TAXES —		
Current	1,111,000	786,000
Deferred	841,000	599,000
	1,952,000	1,385,000
INCOME BEFORE THE FOLLOWING	1,842,000	1,366,000
EQUITY IN NET EARNINGS OF ASSOCIATED COMPANY	11,000	
INCOME BEFORE EXTRAORDINARY ITEMS	1,853,000	1,366,000
EXTRAORDINARY ITEMS (Note 10)	294,000	71,000
NET INCOME	$ 2,147,000	$ 1,437,000
EARNINGS PER SHARE (Note 9):		
Income before extraordinary items	$.62	$.46
Net income	$.72	$.48

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

	YEAR ENDED AUGUST 31, 1981	1980
RETAINED EARNINGS, BEGINNING OF YEAR	$ 4,544,000	$ 3,507,000
NET INCOME	2,147,000	1,437,000
	6,691,000	4,944,000
DIVIDENDS:		
Cash —		
Class A participating shares	120,000	
Class B participating shares	85,000	
Common shares	200,000	400,000
	405,000	400,000
Stock dividend on Class A participating shares —		
1,000,000 Class A participating shares	1,928,000	
1,000,000 Class B participating shares	100,000	
	2,433,000	400,000
RETAINED EARNINGS, END OF YEAR	$ 4,258,000	$ 4,544,000

CONSOLIDA

CURRENT:
Cash and term deposits
Accounts receivable
Prepaid expenses and deposits

DEPOSITS AND ADVANCES ON ACQUISI
INVESTMENT IN ASSOCIATED COMPAN
OTHER INVESTMENTS (Note 4)
FIXED ASSETS (Notes 2, 5 and 11)
DEFERRED COSTS (Note 6)
SUBSCRIBER BASE AND GOODWILL (No

LIABILITIES AN

CURRENT:
Bank indebtedness
Accounts payable and accured liabilities
Income taxes payable
Unearned subscriber revenue
Current portion of long-term debt

LONG-TERM DEBT (Note 8)
DEFERRED INCOME TAXES
MINORITY INTEREST IN SUBSIDIARY CO
SHAREHOLDERS' EQUITY:
Capital stock (Note 9)
Retained earnings

(See a

On behalf of the Board:

Director

Director

LANCE SHEET

	AUGUST 31,
1981	1980
$ 1,873,000	$ 188,000
572,000	405,000
317,000	214,000
2,762,000	807,000
	631,000
530,000	
101,000	159,000
19,703,000	13,894,000
322,000	26,000
2,992,000	921,000
$26,410,000	$16,438,000

HOLDERS' EQUITY

	$ 800,000
$ 1,663,000	1,205,000
794,000	541,000
2,627,000	1,870,000
72,000	60,000
5,156,000	4,476,000
9,670,000	2,950,000
4,214,000	3,395,000
12,000	
3,100,000	1,073,000
4,258,000	4,544,000
7,358,000	5,617,000
$26,410,000	$16,438,000

ng notes)

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

	YEAR ENDED AUGUST 31,	
	1981	1980
SOURCES OF WORKING CAPITAL:		
Operations —		
Income before extraordinary items	$ 1,853,000	$ 1,366,000
Items which do not use (provide) working capital:		
Depreciation and amortization	1,595,000	2,267,000
Deferred income taxes	841,000	599,000
Equity in net earnings of associated company	(11,000)	
Other	(11,000)	
Working capital provided by operations	4,267,000	4,232,000
Increase in long-term debt	5,175,000	
Proceeds on sale of investment in Third Shelf Corporation (net of related income taxes of $106,000) (Note 10)	1,535,000	
Proceeds on sale of portion of City of St. Albert distribution system (net of related income taxes of $46,000)		204,000
Other	29,000	64,000
	11,006,000	4,500,000
USES OF WORKING CAPITAL:		
Additions to fixed assets	5,072,000	3,373,000
Acquisition of subsidiary corporations including working capital deficiency of $899,000 less $225,000 previously advanced	3,155,000	
Investment in Third Shelf Corporation less $406,000 previously advanced	799,000	
Deposits and advances on acquisitions		631,000
Cash dividends	405,000	400,000
Reduction in long-term debt		650,000
Deferred costs	300,000	
	9,731,000	5,054,000
INCREASE (DECREASE) IN WORKING CAPITAL	1,275,000	(554,000)
WORKING CAPITAL DEFICIENCY, BEGINNING OF YEAR	3,669,000	3,115,000
WORKING CAPITAL DEFICIENCY, END OF YEAR	$ 2,394,000	$ 3,669,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company, its wholly-owned Canadian subsidiaries and those of a 92% owned U.S. subsidiary. The U.S. subsidiary has stock options outstanding which, if exercised, would reduce the Company's equity interest to 69%. The results of operations of subsidiaries acquired during the year are included from their respective dates of acquisition.

INVESTMENT IN ASSOCIATED COMPANY

The Company's 24% interest in Avalon Cablevision Limited is accounted for on the equity basis of accounting under which the consolidated net income includes the Company's equity in the net income of the associated company, and the cost of the investment is adjusted for the Company's share of undistributed income or losses since acquisition.

TRANSLATION OF FOREIGN CURRENCIES

Foreign currency assets and liabilities are translated into Canadian dollars on the following basis:

— current assets, current liabilities and long-term debt at the exchange rate in effect at the balance sheet date; and

— other assets and liabilities at historical rates of exchange.

Income and expenses are translated at average exchange rates prevailing during the year.

Gains or losses arising on the translation of foreign currencies are included in income.

OPERATIONS EXPENSES CAPITALIZED

The activities of the companies include both the construction and operation of distribution systems. Operations expenses are capitalized as part of the distribution systems according to the percentage of labour costs attributable to construction. The amount of operations expenses capitalized as a part of the distribution systems was $668,000 in 1981 and $694,000 in 1980.

INCOME AND EXPENSES

Income includes subscriber connection fees, as they are considered to represent a partial recovery of initial selling expenses and related administrative and general office expenses. The cost of initial subscriber connections are capitalized as part of the distribution system. Costs of subsequent disconnections and reconnections are expensed as incurred.

Subscriber service charges billed or paid for in advance are recorded as income when earned.

DEPRECIATION

Fixed assets are depreciated on a straight-line basis over their estimated useful lives as follows:

Asset	Estimated useful life
Distribution system (one-half the annual rate in year of acquisition):	
Cable	15 years
Electronics	7-10 years
Drops	15 years
Head-end	5-20 years
Other equipment:	
Operations	5-10 years
Production	5 years
Office	5-10 years
Automotive	5 years
Data processing	2-3 years
Buildings	20-40 years
Leasehold improvements	Term of lease

See Note 2 for reference to changes made in estimates of asset useful lives adopted in 1981.

INCOME TAXES

Income taxes have been provided on the tax allocation basis whereby the provision for income taxes each year is determined on the basis of income and expenses included in the statement of income rather than the related amounts reported in the companies' income tax returns. Deferred income taxes relate primarily to differences between the amount of depreciation recorded for accounting purposes and capital cost allowance claimed for income tax purposes.

DEFERRED COSTS

System development costs incurred by the U.S. subsidiary are being deferred during the construction and pre-maturity phases. The pre-maturity period generally ends at the earlier of two years from the time of the first subscriber revenue or the completion of construction of the distribution system. These deferred costs are to be amortized on a straight-line basis over the life of the initial franchise.

Financing costs related to the issue of sinking fund debentures were deferred and are being amortized on a straight-line basis over the period to maturity.

SUBSCRIBER BASE AND GOODWILL

For acquisitions prior to 1974 the excess of cost of shares over the fair value of net tangible assets acquired was allocated to goodwill and not amortized in the accounts. Since 1974 the excess of cost of shares over the fair value of net tangible assets acquired has been allocated between goodwill and subscriber base. Amounts allocated to subscriber base represents the present value of the future estimated subscriber cash flow. This amount will not be amortized unless the number of cable subscribers falls below the level at date of acquisition or the Company believes there has been a diminution in value.

PENSION COSTS

Current service pension costs are expensed as incurred. An actuarial report as at December 31, 1980 indicated the Company's pension plan was fully funded.

EARNINGS PER SHARE

Earnings per share for 1980 have been restated to reflect additional shares outstanding as a result of the stock dividend paid during the year of one Class A and one Class B participating share for each Class A participating share.

2. CHANGE IN ACCOUNTING ESTIMATES

The estimated useful life of fixed assets in the Company's distribution system was revised during the year to more realistically reflect the expected remaining useful life of these assets. Had previously used estimates of useful life been applied in the current year, the depreciation expense would have been greater by $1,104,000 and net income less by $583,000.

3. ACQUISITIONS

(a) Urban Cablevision Ltd. and Jemar Enterprises Ltd.
Effective January 31, 1981, the Company acquired all the issued and outstanding shares of Urban Cablevision Ltd. and Jemar Enterprises Ltd. for $1,607,000 cash, and also acquired other related assets for $200,000 cash. Urban Cablevision operates a cable system in the Langford-Sooke area which is adjacent to Victoria, British Columbia.

(b) Trans Spectrum Services Limited
Effective July 3, 1981, the Company acquired all the issued and oustanding shares of Trans Spectrum Services Limited for $874,000 cash. Trans Spectrum owns 100% of Metrovision Limited, a cable company operating in the Bedford-Sackville area of Nova Scotia, and 24% of Avalon Cablevision Limited, a cable company operating in St. John's, Newfoundland.

Details of the assets acquired, accounted for under the purchase method, are as follows:

Identifiable net assets acquired at assigned fair value —	Urban Cablevision Ltd. and Jemar Enterprises Ltd.	Trans Spectrum Services Limited	Total
Investments and advances		$ 519,000	$ 519,000
Fixed assets	$ 900,000	1,435,000	2,335,000
Subscriber base	1,149,000	922,000	2,071,000
	2,049,000	2,876,000	4,925,000
Working capital deficiency	102,000	797,000	899,000
Long-term debt	340,000	1,205,000	1,545,000
	442,000	2,002,000	2,444,000
Purchase price — cash	$1,607,000	$ 874,000	$2,481,000

4. OTHER INVESTMENTS

	1981	1980
Investment and advances — at cost:		
Rock It video production		$ 74,000
Multilingual Television (Alberta) Ltd. — Shares	$ 62,000	62,000
M.K.C. Properties Ltd. — Shares and advances	19,000	19,000
Other	20,000	4,000
	$101,000	$159,000

The investment in Multilingual Television (Alberta) Ltd. represents the Company's 50% interest in a company formed to introduce multilingual television programming in Alberta.

The investment in M.K.C. Properties Ltd. represents the Company's 25% interest in a company which owns and operates a distant head end facility.

5. FIXED ASSETS

	Cost	Accumulated depreciation and amortization	Net book value 1981	Net book value 1980
Distribution system equipment —				
Cable	$14,488,000	$ 5,238,000	$ 9,250,000	$ 6,276,000
Electronics	2,895,000	1,215,000	1,680,000	1,207,000
Drops	8,003,000	3,095,000	4,908,000	4,006,000
Head-end	997,000	333,000	664,000	376,000
Construction in progress	121,000		121,000	
Total distribution equipment	26,504,000	9,881,000	16,623,000	11,865,000
Other equipment —				
Operations	757,000	365,000	392,000	237,000
Production	831,000	524,000	307,000	267,000
Office	322,000	131,000	191,000	85,000
Automotive	435,000	248,000	187,000	132,000
Data processing	327,000	301,000	26,000	15,000
Leasehold improvements	284,000	107,000	177,000	62,000
Buildings	1,218,000	139,000	1,079,000	746,000
	30,678,000	11,696,000	18,982,000	13,407,000
Land	721,000		721,000	487,000
	$31,399,000	$11,696,000	$19,703,000	$13,894,000

6. DEFERRED COSTS

	1981	1980
System development and franchising costs	$ 287,000	
Financing costs (net of accumulated amortization of: 1981 - $33,000; 1980 - $29,000)	23,000	$ 26,000
Other	12,000	
	$ 322,000	$ 26,000

7. SUBSCRIBER BASE AND GOODWILL

	1981	1980
Subscriber base	$2,071,000	
Goodwill (acquired prior to 1974)	921,000	$ 921,000
	$2,992,000	$ 921,000

8. LONG TERM DEBT

Bank loans, with interest not in excess of 1% above the bank's prime lending rate	$7,824,000	$1,610,000
Shareholders' notes, due September 1, 1982 with interest at prime plus 1%	800,000	800,000
9% sinking fund debentures, due December 1, 1987	600,000	600,000
12% debentures, due March 10, 1983	340,000	
12% promissory note, payable in annual instalments of $60,000 U.S. commencing May 1, 1982	145,000	
12% mortgage, payable in monthly instalments of $314 U.S. principal and interest commencing September 25, 1981	21,000	
Note payable due in 1985 with interest at prime plus 1%	12,000	
	9,742,000	3,010,000
Less portion due within one year	72,000	60,000
	$9,670,000	$2,950,000

The Company has assigned its book debts as collateral for bank loans amounting to $6,500,000; a subsidiary company has given a general assignment of book debts and a fixed and first floating charge over its assets as collateral for $1,324,000 in bank loans. All bank loans are evidenced by demand promissory notes.

The 9% sinking fund debentures are unsecured. The sinking fund requirements provide that $120,000 be deposited with the Trustee each year commencing December 1, 1983 to 1986 inclusive. The debentures are redeemable before maturity at any time or in part from time to time at the option of the Company. The trust indenture relating to the debentures contains certain provisions restricting payment of dividends by the Company.

Urban Cablevision Ltd. has given a first fixed and floating charge on its assets as collateral for the 12% debentures.

Principal repayments due within each of the next five years are as follows (U.S. dollar repayments have been translated to Canadian dollars at the current exchange rate):

1982	$ 72,000
1983	1,216,000
1984	2,000
1985	15,000
1986	4,000
Due after 1986	8,433,000
	$9,742,000

9. SHARE CAPITAL

On January 12, 1981 the Company's Memorandum of Association was amended to reclassify the common shares of the Company as Class A voting participating shares without nominal or par value and to increase the authorized number of Class A shares from 1,200,000 to 15,000,000 with a maximum price of $50,000,000 and to create 15,000,000 Class B non-voting participating shares with a par value of 10¢ each. Class A shares are convertible at any time into an equivalent number of Class B shares. The Class B shares are convertible into an equivalent number of Class A shares in limited circumstances.

A stock dividend of one Class A and one Class B participating share for each Class A participating share held was paid during the year. The stock dividend of Class A participating shares was declared at an amount of $1,928,000 and of the Class B participating shares was declared at an amount of $100,000. These amounts were transferred from retained earnings to the paid up capital of the issued and outstanding Class A and Class B participating shares, respectively.

The holders of Class B participating shares are entitled to receive during each dividend period, in priority to the payment of dividends on the Class A participating shares, a preferential non-cumulative dividend. The preferential dividend rate is $0.05 per share per annum but is subject to proportionate adjustment in the event of future consolidations or subdivisions of shares and in the event of any issue of shares by way of stock dividend. After payment or setting aside for payment of preferential non-cumulative dividends on the Class B participating shares, holders of shares participate equally, share for share, as to all subsequent dividends declared.

The Company's authorized and issued share capital as at August 31, is as follows:

	1981	1980
	Number of shares	
Authorized:		
Class A voting participating shares of no par value	15,000,000	
Class B non-voting participating shares with a par value of 10¢ each	15,000,000	
Common shares of no par value		1,200,000
	30,000,000	1,200,000
Issued:		
1,998,000 Class A participating shares	$ 3,000,000	
1,002,000 Class B participating shares	100,000	
1,000,000 Common shares of no par value		$ 1,073,000
	$ 3,100,000	$ 1,073,000

10. EXTRAORDINARY ITEMS

	1981	1980
Gain on sale of investment in Third Shelf Corporation (net of related income taxes of $106,000)	$ 330,000	
Gain on sale of portion of City of St. Albert distribution system (net of related income taxes of $46,000)		$ 109,000
Write-down of investment in Rock-It video production to reflect anticipated loss (net of related income tax recovery of $22,000 in 1981 and $42,000 in 1980)	(36,000)	(38,000)
	$ 294,000	$ 71,000

During the year the Company acquired for U.S. $1,000,000 @ 50% interest in Third Shelf Corporation, a company developing cable systems in Georgia and Tennessee. The investment was subsequently sold and the Company realized a gain of $330,000 after related income taxes.

11. OWNERSHIP OF DISTRIBUTION AND FEEDER CABLES

The City of Edmonton issued a statement of claim in 1978 against the Company for an order declaring that it is authorized by statute to purchase, own and lease distribution and feeder cables for the distribution of C.A.T.V. signals which are presently owned by the Company in Edmonton. If successful, the City would have the right to purchase the installed cable from the Company at depreciated value and then lease the cables to the Company pursuant to an existing agreement. It is not contemplated that the Company would suffer any significant monetary loss if this were to occur. The Company has filed a statement of defense requesting that the Courts dismiss the City's action. No immediate settlement of the dispute is expected.

12. COMMITMENTS

The Company and its subsidiaries have commitments under long-term leases and agreements for franchises and rentals of transmission facilities and premises amounting to approximately $1,459,000 per annum.

13. INCOME TAX REASSESSMENT

Revenue Canada-Taxation has reassessed the Company disallowing certain expenditures claimed as deductible expenses in prior years and treated them as depreciable assets. The Company has filed a notice of objection to the reassessment. If the reassessment is upheld, additional current income taxes would be payable. However, net income would not be impacted as these amounts have previously been set up as deferred income taxes.

14. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The aggregate direct remuneration paid or payable to the directors and the senior officers of the Company and its subsidiaries, as defined by the Alberta Companies Act, amounted to $360,000 for the year ended August 31, 1981 ($365,000 for 1980).

15. PENDING ACQUISITION

On July 13, 1981 the Company agreed to acquire 100% of Cable West Ltd. a cable company operating in northwest Vancouver, Nanaimo, Trail, Castlegar and Nelson, B.C. and Red Deer, Alberta. This acquisition is not reflected in the financial statements as it is subject to the approval of the Canadian Radio-Television and Telecommunications Commission. The acquisition of Cable West Ltd. will be on the basis of a share-for-share exchange whereby Capital Cable TV Ltd. will issue the following shares in exchange for all the outstanding and issued shares of Cable West Ltd.:

Class of Shares	Number of Shares to be issued
8% cumulative, redeemable, non-voting preferred shares with a par value of $10 per share (to be authorized subsequent to August 31, 1981)	847,025
Class A participating shares	149,500
Class B participating shares	590,115

EIGHT YEARS IN REVIEW

For The Years Ended August, 31,

	1981	1980
INCOME:		
Total income	$13,101,000	$10,462,000
Operating expenses	6,615,000	4,822,000
Depreciation and amortization	1,595,000	2,267,000
Interest	1,097,000	622,000
Income from continuing operations before income taxes	3,794,000	2,751,000
Income taxes	1,952,000	1,385,000
Income from continuing operations	1,842,000	1,366,000
Income from discontinued operations		
Equity in net earnings of associated company	11,000	
Income before extraordinary items	1,853,000	1,366,000
Extraordinary items	294,000	71,000
Net income	$ 2,147,000	$ 1,437,000
FINANCIAL POSITION:		
Shareholders' Equity	$ 7,358,000	$ 5,617,000
Fixed assets at cost	$31,399,000	$24,107,000
Long-term debt	$ 9,670,000	$ 2,950,000
Funds generated from operations	$ 4,267,000	$ 4,232,000
SHAREHOLDERS STATISTICS:		
Equity per share	$ 2.45	$ 1.87
Fixed assets per share	$ 10.47	$ 8.04
Long-term debt per share	$ 3.22	$ .98
Earnings per share:		
Income from continuing operations	$ .61	$ .46
Income before extraordinary items	$ .62	$ .46
Net income for the year	$ .72	$ .48
Funds generated per share	$ 1.42	$ 1.41
Share price range and volume (2)	(1)	(4)
Class A		
High	$ 10.00	$ 7.00
Low	$ 7.00	$ 2.92
Last	$ 7.00	$ 7.00
Volume	15,700	148,515
Class B		
High	$ 8.50	
Low	$ 7.50	
Last	$ 7.50	
Volume	1,750	
SUBSCRIBER STATISTICS:		
Potential subscribers	190,800	160,200
Subscribers at year end	144,622	114,469
% saturation	75.8%	71.5%
Equity per subscriber	$ 50.88	$ 49.07
Fixed assets per subscriber	$ 217.11	$ 210.60
Long-term debt per subscriber	$ 66.86	$ 25.77
Funds generated per subscriber	$ 29.50	$ 36.97
Operating expenses per subscriber	$ 45.74	$ 42.12
Number of subscribers per employee	845	954
Number of employees	171	120

(1) As reported by the Alberta Stock Exchange, November 30, 1981; all other years on a calendar year basis.
(2) Adjusted retroactively for the 1981 share capital reorganization and stock dividend.
(3) Not listed.
(4) As reported by the Alberta Stock Exchange, December 9, 1980.

1979	1978	1977	1976	1975	1974
$ 8,975,000	$ 7,733,000	$ 6,418,000	$ 5,305,000	$ 4,117,000	$ 3,187,000
4,040,000	3,172,000	2,888,000	2,459,000	1,902,000	1,438,000
1,995,000	1,681,000	1,454,000	1,218,000	976,000	777,000
590,000	614,000	651,000	700,000	670,000	556,000
2,350,000	2,266,000	1,425,000	928,000	569,000	416,000
1,189,000	1,135,000	726,000	471,000	322,000	248,000
1,161,000	1,131,000	699,000	457,000	247,000	168,000
	24,000	17,000	19,000	19,000	20,000
1,161,000	1,155,000	716,000	476,000	266,000	188,000
	137,000		72,000	32,000	
$ 1,161,000	$ 1,292,000	$ 716,000	$ 548,000	$ 298,000	$ 188,000
$ 4,580,000	$ 3,833,000	$ 2,747,000	$ 2,031,000	$ 1,483,000	$ 1,184,000
$20,946,000	$17,447,000	$14,864,000	$11,941,000	$ 9,800,000	$ 8,112,000
$ 3,600,000	$ 5,577,000	$ 6,530,000	$ 6,233,000	$ 6,465,000	$ 6,415,000
$ 4,128,000	$ 3,749,000	$ 2,640,000	$ 1,813,000	$ 1,339,000	$ 1,071,000
$ 1.53	$ 1.28	$ .92	$ .68	$ .49	$ .39
$ 6.98	$ 5.82	$ 4.95	$ 3.98	$ 3.27	$ 2.70
$ 1.20	$ 1.86	$ 2.18	$ 2.08	$ 2.16	$ 2.14
$ .39	$ .38	$ .23	$ .15	$ .08	$ .05
$ .39	$ .39	$ .24	$ .16	$ .09	$ .06
$ .39	$ .43	$ .24	$ .18	$ .10	$ .06
$ 1.38	$ 1.25	$ .88	$ .60	$ .45	$ .35
$ 3.33	$ 3.00	$ 2.33	$ 1.33	$ 1.00	(3)
$ 2.83	$ 2.25	$ 1.28	$ .77	$ .33	
$ 2.83	$ 3.00	$ 2.25	$ 1.28	$ .78	
37,050	53,400	24,900	278,775	225,825	
155,000	140,000	129,800	114,900	110,600	104,300
99,401	89,418	81,879	70,026	59,628	50,882
64.1%	63.9%	63.1%	60.9%	53.9%	48.8%
$ 46.08	$ 42.87	$ 33.55	$ 29.00	$ 24.87	$ 23.27
$ 210.72	$ 195.12	$ 181.54	$ 170.52	$ 164.35	$ 159.43
$ 36.22	$ 62.37	$ 79.75	$ 89.01	$ 108.42	$ 126.08
$ 41.53	$ 41.93	$ 32.24	$ 25.89	$ 22.46	$ 21.05
$ 40.64	$ 35.47	$ 35.27	$ 35.12	$ 31.90	$ 28.26
904	836	700	588	519	463
110	107	117	119	115	110

DIRECTORS AND OFFICERS

DIRECTORS

Peter R. Classon, C A
Dartmouth, Nova Scotia

Louis A. Desrochers, Q.C.
Edmonton, Alberta

D. Lloyd Gartrell
Summerland, British Columbia

Anthony F. Griffiths
Toronto, Ontario

C. Thomas Peacocke
Edmonton, Alberta

George E. Poole
Edmonton, Alberta

John E. Poole
Edmonton, Alberta

James R. Shaw
Edmonton, Alberta

Leslie E. Shaw
Woodbridge, Ontario

CORPORATE OFFICE

9405 - 50th Street
Edmonton, Alberta

AUDITORS

Clarkson Gordon
Edmonton, Alberta

BANKERS

Toronto-Dominion Bank
Edmonton, Alberta

REGISTRAR AND TRANSFER AGENT

The Royal Trust Company
Edmonton, Alberta

LISTING

Alberta Stock Exchange

OFFICERS AND SENIOR MANAGEMENT

James R. Shaw
President and General Manager

Peter R. Classon, C A
Executive Vice-President and
President and General Manager of
the Nova Scotia Companies

D. Lloyd Gartrell
President & General Manager of
the British Columbia Companies

Robert E. Elliot
Vice-President — Operations

Robert J. McIntyre
Vice-President — Development

Ernest C. Poscente
Vice-President — Programming

Louis A. Desrochers, Q.C.
Secretary

Ramona D. Speers
Assistant Secretary

Brian J. Craig, RIA
Comptroller

OPERATING SUBSIDIARY COMPANIES

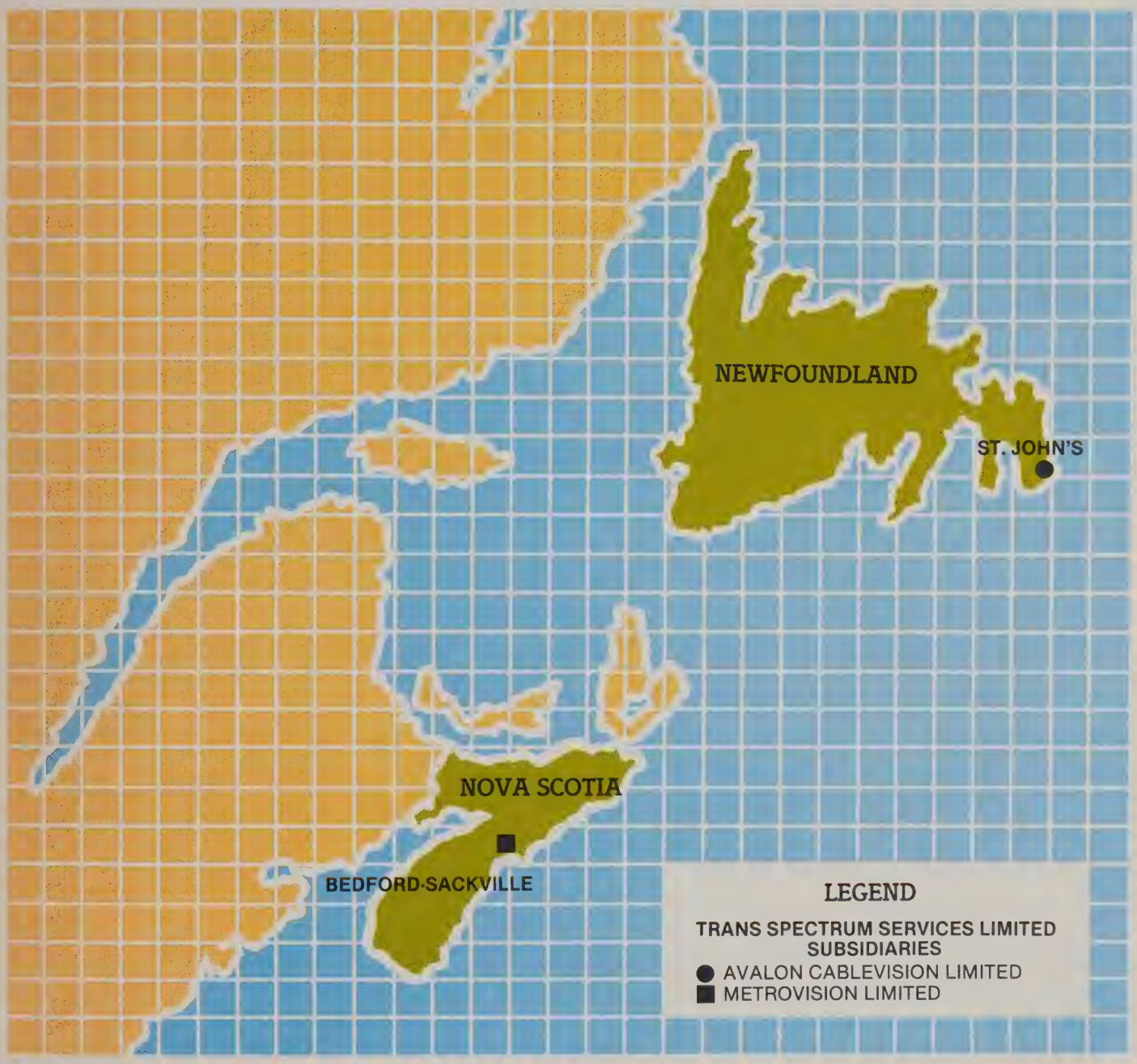
Kelowna Cable TV Ltd.
Kelowna, British Columbia
Richard A. Gunoff
Manager

Penticton Cable TV Ltd.
Penticton, British Columbia
Malcolm I. Donkin
Manager

Urban Cablevision Ltd.
Langford, British Columbia
Gerald M. Davis
Manager

Metrovision Limited
Lower Sackville, Nova Scotia
Donald G. Beebe
Manager

Colorado Cablevision, Inc.
Aurora, Colorado
Carl M. Occhionero
President



Canada's Atlantic provinces are anticipating immediate growth and a strong future. The prospect of off-shore oil exploration and recovery has provided a sharp stimulus to the economy of the area and will come hand-in-hand with a rejuvenation of service and support industries.

Trans Spectrum Services Limited, a wholly-owned subsidiary of Capital Cable TV, operates Metrovision Limited and owns 24% of Avalon Cablevision Limited. The activity of these systems underlines the fact that your company is well-represented in this emerging growth area of Canada.

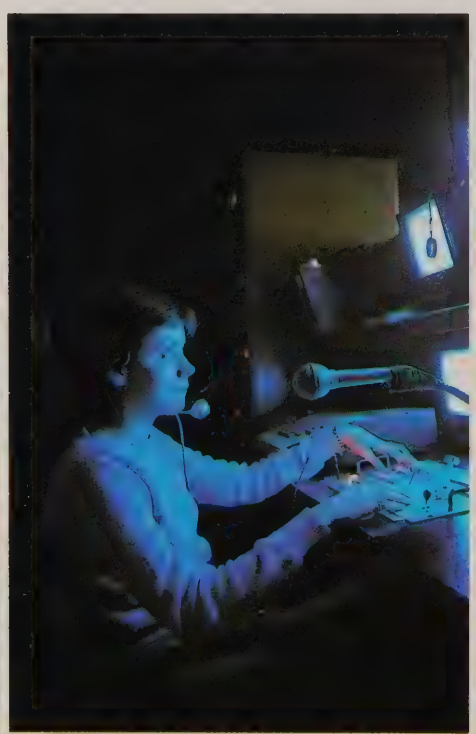
Metrovision Limited serves the area of Bedford-Sackville in Nova Scotia. While the growth of subscribers has been modest over the past year with a penetration rate of 80%, the proximity of the area to the cities of Halifax and Dartmouth give the system an interesting long-term growth potential. Currently, the company provides service to over 8,000 subscribers. Metrovision began producing community programming from a spacious, well-designed studio seven years ago. It continues to serve Bedford and Sackville with local television that reflects the interests and activities of people in the community.

Avalon Cablevision Limited operates in St. John's, Newfoundland. The company serves over 24,000 subscribers in the province's capital city. With anticipated population growth, industrial expansion and buoyant trade and commerce prospects, growth potential is strong here, as it is in Nova Scotia.

AVALON CABLEVISION is the youngest of the six subsidiary systems providing service to residents of St. John's Newfoundland since 1978. The view from historic Signal Hill overlooking the capital city's harbour.







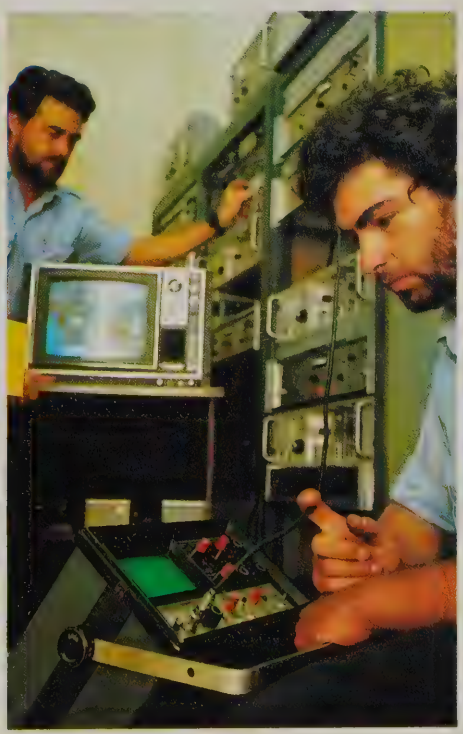




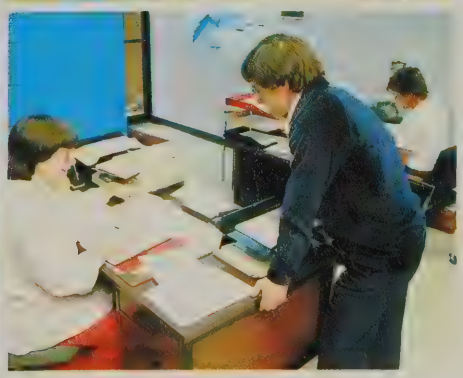
METROVISION's growth potential parallels that of the province of Nova Scotia. The service area of Bedford-Sackville is only a short drive from the old-world serenity of Peggy's Cove. Metrovision's modern system serves 8,200 subscribers.













Last year Capital Cable TV acquired the assets of a cable television company operating in Colorado and currently has a 92% interest in the company, Colorado Cablevision Inc. This percentage could eventually drop to 69% if various share purchase options are exercised and if unsubscribed shares are allocated.

Colorado Cablevision has cable television permits for Bennett, Strasbourg, Byers, Fitzsimons Medical Center, Adams County and Arapahoe County. Through a wholly-owned subsidiary, Valley Cablevision Inc., the company owns 49% of a limited partnership which has permits for Douglas County and Castle Rock. This service area, located immediately south of Denver, is expected to account for a major part of the growth in the metropolitan Denver area.

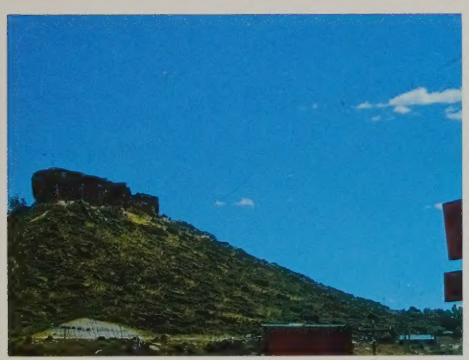
At the outset, service will be provided to approximately 8,000 households. Colorado Cablevision has also submitted proposals to the Denver suburbs of Cherry Hills Village, Greenwood Village and Thornton. These proposals have been made in response to requests by the municipalities for presentations from cablevision companies.

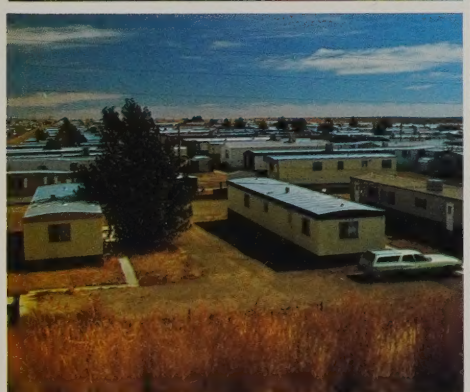
Results of the bidding process are expected early in 1982. Colorado Cablevision now has a service potential of 6,000 in addition to 8,000 through Valley Cablevision. Areas around Denver for which proposals have been or will be made have a total potential of some 50,000 homes.

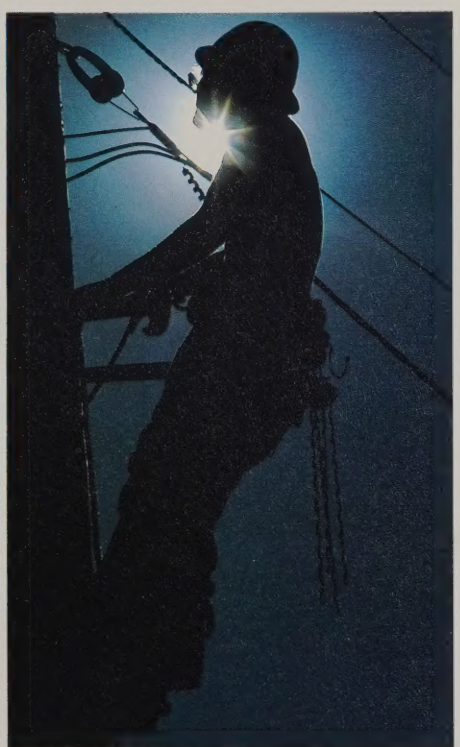
This procedure is markedly different than the system employed in Canada, where the CRTC decides which company will be granted a licence. The Denver municipalities are free to request certain operational characteristics and social benefits and ask that subscriber rates and service offerings be specified.

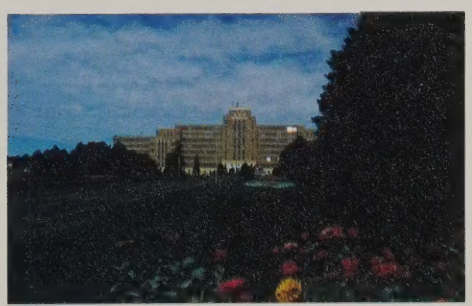


COLORADO CABLEVISION is keeping pace with rapid growth and expansion in the foothills of the Colorado Rocky Mountains. A franchising concept allows the company to serve subscribers in the towns surrounding the "Mile High" city of Denver as they experience boom-time growth.











URBAN CABLEVISION LTD.
2614 Sooke Road
Victoria, B.C. V9B 1Y2 (604) 474-2111

PENTICTON CABLE TV LTD.
379 Martin Street. P.O. Box 610
Penticton, B.C. V2A 6K9 (604) 492-5832

KELOWNA CABLE TV LTD.
310 Leon Avenue, P.O. Box 550
Kelowna, B.C. V1Y 7P2 (604) 763-6911



Additional copies of this Annual Report may be obtained by sending requests to:

Capital Cable TV Ltd., Corporate Office
9405 - 50 Street Edmonton, Alta.
T6B 2T4 (403) 468-1230

METROVISION LIMITED
367 Old Windsor Highway
Lower Sackville, Nova Scotia
B4C 2R7 (902) 865-3020

AVALON CABLEVISION LIMITED
P.O. Box 8596, Kenmount Road
St. John's, Newfoundland
A1B 3P2 (709) 753-7760